



THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY  
USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT  
POLICY

Voluntary    Public

**Date:** 4/8/2014

**GAIN Report Number:**MX4030

## **Mexico**

**Post:** Mexico

## **Mexico Announces Support to Corn and Sorghum Growers**

### **Report Categories:**

Agricultural Situation

Agriculture in the Economy

Agriculture in the News

### **Approved By:**

Dan Berman

### **Prepared By:**

Benjamin Juarez

### **Report Highlights:**

On March 31, 2014, a Notice from the Secretariat of Agriculture, Livestock, Rural Development, Fisheries and Food (SAGARPA) was published in Mexico's Federal Register announcing price support (incentives) for corn and sorghum growers in selected Mexican states. According to the Notice, the "incentives" are being offered by the Government of Mexico due to extremely low corn and sorghum prices growers received during the 2013 spring/summer crop cycle.

**General Information:**

**Introduction:** This report summarizes a Notice published in Mexico's "Diario Oficial" (Federal Register) on March 31, 2014 that announces incentives intended to help solve Mexican corn and sorghum growers marketing problems due to low prices for crops they cultivated during the 2013 spring/summer crop cycle.

**Disclaimer:** This summary is based on a cursory review of the subject announcements and therefore should not, under any circumstances, be viewed as a definitive reading of the regulations in question, or of its implications for U.S. agricultural export trade interests. In the event of a discrepancy or discrepancies between this summary and the complete regulation or announcement as published in Spanish, the latter shall prevail.

**Title of the Announcement:** Notice to announce incentives offered by the Government of Mexico to help solve specific marketing problems of corn and sorghum in the 2013 spring-summer crop cycle, for the states indicated, as referred to in the marketing incentives component.

**Type of Regulation:** Operational

**Important Dates:**

1. **Publication Date:** March 31, 2014
2. **Effective Date:** April 1, 2014

**Eligible Commodities:** Corn and Sorghum

**Reason for Notice:** This Notice points out, among other things, that the 2013-2018 Agricultural, Fisheries and Food Development Program includes the Operational Rules for the Commercialization and Market Development (see 2014 GAIN report [MX4006](#) "Mexico Announces Ambitious New 6-year Agricultural Development Plan"). Moreover, as a part of these Operational Rules, incentives that will be used to help solve specific commercialization problems are defined.

In addition, the announcement states that corn prices have decreased 50 percent on the Chicago Board of Trade since September 2012, declining from U.S. \$333.00 to \$167.00 per metric ton (MT). This phenomenon in turn has had negative repercussions by the low corn and sorghum prices paid to Mexican growers in the 2013 spring/summer crop cycle. This situation has adversely affected Mexican growers' profitability in different country regions. Therefore, SAGARPA, through its paying agency of Marketing Services and Development of Agricultural Markets (ASERCA), has determined to address this specific commercialization issue, by granting an incentive to mitigate the adverse impact on growers' income.

**Notice Features:** The Announcement points out that the main terms are the following:

**First,** ASERCA, in its capacity as "Responsible Unit", do hereby announce incentives to solve corn and sorghum specific marketing problems that occurred in the 2013 spring/summer crop cycle (known herewith as "Incentives"). The incentives being offered will take place in the current fiscal year (January

to December 2014) and will take into consideration the specific Program's objective to encourage growers to market their product with market certainty.

**Second**, the "target population" of this Program is defined as "growers", directly or through their companies, legally incorporated under Mexican law, that produced and marketed corn and sorghum in the 2013 spring/summer crop cycle, except the volumes which have been supported under the "Forward Contract Program" in that crop cycle. (The Forward Contract Program is a subsidy system based on market prices and tools that facilitates price stability, merchandising, and marketing for Mexican producers.)

**Third**, the eligible products, volume, incentive amount, States and agricultural crop cycles are as follow:

- The incentive is approved for corn and sorghum of the 2013 spring/summer crop cycle, up to 3.12 MMT.
- An incentive of 200 pesos per MT (U.S. \$15.15/MT) is provided.
- States considered eligible for this incentive are listed in the following table.

STATE	CORN VOLUME (MT)	SORGHUM VOLUME (MT)
Mexicali region, (Baja California-San Luis Rio Colorado, Sonora)	-	25,000
Campeche	120,000	-
Chiapas	200,000	20,000
Chihuahua	300,000	70,000
Durango	40,000	-
Guanajuato	400,000	-
Hidalgo	150,000	-
Jalisco	525,000	250,000
Michoacan	350,000	250,000
Morelos	5,000	100,000
Nayarit	100,000	-
Nuevo Leon	20,000	-
Puebla	30,000	25,000
Queretaro	50,000	-
San Luis Potosi	-	30,000
Zacatecas	60,000	-
<b>TOTAL</b>	<b>2,350,000</b>	<b>770,000</b>

**Author Defined:**

[Give Us Your Feedback on this Report](#): Please take a moment to answer this brief 6 question survey by clicking on the above link which will take you to a non-U.S. Government website (i.e. SurveyMonkey). Once completed, click on “Done” and we can capture your feedback. We value your opinion and want to provide information that matters to you as it relates to U.S. and Mexico food and agricultural production, trade, demand, and policy. Thank you for your time.

**For More Information:**

FAS/Mexico Web Site: We are available at [www.mexico-usda.com.mx](http://www.mexico-usda.com.mx) or visit the FAS headquarters' home page at [www.fas.usda.gov](http://www.fas.usda.gov) for a complete selection of FAS worldwide agricultural reporting.

**Other Relevant Reports Submitted by FAS/Mexico**

<b>Report Number</b>	<b>Title of Report</b>	<b>Date Submitted</b>
<a href="#">MX4020</a>	2014 Grain and Feed Annual	03/31/2014
<a href="#">MX4009</a>	Low Prices Help Drive Down Mexico Corn Production, While Sorghum, Rice and Dry Bean Production Up	01/31/2014
<a href="#">MX3078</a>	Extreme Weather conditions Bring Mixed Result to Mexico's Grain Production	10/31/2013
<a href="#">MX3024</a>	Favorable Growing Conditions for Higher Corn, Wheat, and Dry Beans Forecast, Sorghum Mixed, Rice Down	3/15/2013
<a href="#">MX3010</a>	Grain Production Up Due to Good Weather Conditions	01/29/2013
<a href="#">MX2073</a>	Grain and Feed Annual Report Update Mexico	10/26/2012
<a href="#">MX2054</a>	Favorable Growing Conditions Higher Corn, Sorghum and Rice Forecast	07/30/2012

Useful Mexican Web Sites: Mexico's equivalent to the U.S. Department of Agriculture (SAGARPA) can be found at [www.sagarpa.gob.mx](http://www.sagarpa.gob.mx), equivalent to the U.S. Department of Commerce (SE) can be found at [www.economia.gob.mx](http://www.economia.gob.mx) and equivalent to the U.S. Food and Drug Administration (SALUD) can be found at [www.salud.gob.mx](http://www.salud.gob.mx). These web sites are mentioned for the readers' convenience but USDA does NOT in any way endorse, guarantee the accuracy of, or necessarily concur with, the information contained on the mentioned sites